

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
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NEA-10 OIC-02 /168 W
-----048607 171955Z /43

P 171846Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8497
INFO ALL EC CAPITALS

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USMTN

PASS ELECTRONICALLY STR (STARKEY) AND USDA (SAYLOR)
STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: US/EC BILATERAL ON GROUP AGRICULTURE, DAIRY
AND MEAT

REF: A) GENEVA 05589, B) GENEVA 05652

1. US DELEGATION MET WITH REPRESENTATIVES FROM COMMISSION
AND MEMBER STATES APRIL 11-12 TO CONSIDER LINE-BY-LINE
US AND EC REQUESTS AND OFFERS ON AGRICULTURAL PRODUCTS
INCLUDING POSSIBLE US CHANGE IN WINE GALLON/PROOF GALLON
SYSTEM. MEETINGS ON WINE/PROOF GALLON SYSTEMS AND ON
DAIRY AND MEAT REPORTED IN SEPTELS. EACH SIDE EXPRESSED
GENERAL DISSATISFACTION WITH THE OTHER'S OFFERS AND
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GENERALLY MAINTAINED PREVIOUSLY STATED POSITIONS,
OFFERING TO TAKE INTO ACCOUNT AND TO REPORT BACK ON
POINTS RAISED AND CLARIFICATIONS MADE BY THE OTHER DELE-
GATION. US SIDE EXPRESSED STRONG HOPE THAT EC WOULD
BE MORE FORTHCOMING WITH ITS OFFERS AT FOLLOW-UP MEETINGS.
US PRESSED FOR A BILATERAL MEETING IN THE NEAR FUTURE
TO DISCUSS APPLICABILITY OF STANDARDS CODE TO AGRICULTURE

AND FOR ANOTHER MEETING TO CLARIFY OUR TOBACCO REQUEST.
END SUMMARY.

2. IN OPENING REMARKS AND THROUGHOUT THE MEETING US DEL (KOENIG), DRAWING LARGELY FROM TPSC 78-24, INDICATED THAT US IS EXTREMELY DISSATISFIED WITH THE EC OFFER. US POINTED OUT THAT THE EC HAD ADDRESSED ONLY SMALL NUMBER OF US TARIFF REQUESTS, THAT THE OFFERED PERCENTAGE CUT WAS VERY SMALL AND THAT EC HAD MADE NO OFFER ON US NON-TARIFF REQUESTS. US HOPED THIS WAS ONLY A PRE-LIMINARY EC POSITION AND THAT EC WOULD LATER MAKE COMMERCIALY MEANINGFUL CONCESSIONS.

3. EC DEL (MARINUCCI) IN OPENING STATEMENT AND DURING DISCUSSION ON LINE ITEMS ARGUED THAT THE EC OFFER WAS GENEROUS. THE EC PRETENDED THAT THERE IS NO MAJOR DISEQUILIBRIUM BETWEEN THE US AND EC OFFERS AND THAT THE VOLUME OF TRADE AFFECTED BY BOTH OFFERS WAS ABOUT EQUAL (SIC). THE US COUNTERED THAT THE BALANCE OF CONCESSIONS WILL BE DRAWN AT THE END, NOT AT THE START OF THE NEGOTIATIONS. THE EC ALSO STATED THAT LACK OF RESPONSE ON SOME PRODUCTS SUCH AS ALMONDS AND CITRUS WAS DUE TO THE NEED TO PROTECT EC PRODUCERS AND MAINTAIN PREFERENCES.

4. BOTH DELEGATIONS AGREED ON THE USEFULNESS OF THE LIMITED OFFICIAL USE

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EXCHANGE OF VIEWS AND INDICATED THAT THEY WOULD REPORT BACK ON POINTS RAISED AND CLARIFICATIONS RECEIVED. BOTH SIDES INDICATED THAT ADDITIONAL BILATERAL CONSULTATIONS SHOULD TAKE PLACE AS SOON AS FURTHER INSTRUCTIONS ARE AVAILABLE.

5. US ASKED FOR EARLY MEETING WITH EC TO DISCUSS APPLICABILITY OF STANDARDS CODE TO AGRICULTURE AND TO EXPLORE POSSIBILITY OF REACHING COMMON POSITION PRIOR TO THE NEXT MEETING OF GROUP AGRICULTURE. EC AGREED IN PRINCIPLE TO SUCH MEETING, SUBJECT TO BRUSSELS APPROVAL.

6. ALL PRODUCTS WERE DISCUSSED LINE-BY-LINE. HIGHLIGHTS OF ARGUMENTS BY COMMODITY OR GROUP OF RELATED COMMODITIES FOLLOW.

7. TURKEY AND TURKEY PARTS (02.02A IV AND EX 02.02B). HERE AND IN CONJUNCTION WITH DISCUSSION OF EC REQUESTS ON CHICKEN-WAR ITEMS (SEE PARA 17) WE URGED THE EC TO CONSIDER REQUEST CAREFULLY, POINTING OUT THAT THIS REQUEST IS RELATED TO OUR OFFERS ON THE CHICKEN-WAR PRODUCTS. IN TAKING NOTE OF REQUEST EC POINTED OUT

THAT TAKING NOTE DID NOT IMPLY ACCEPTANCE. IN RESPONDING TO OUR RENEWED REQUEST FOR AN OFFER ON ITEMS EX 1602B AND 1602B IA (PREPARED OR PRESERVED POULTRY), EC MADE MUCH OF FACT INCREASED SHIPMENTS OF SPICED POULTRY WERE DISTORTION OF TRADE, AVOIDING PROPER LEVY IMPOSED ON FRESH POULTRY. EC THEREFORE IS IN NO POSITION TO BIND LEVY FOR REQUESTED EX OUT 1602B OR REDUCE DUTY ON 1602B IA.

8. CITRUS AND PRODUCTS (08.02A IA, B AND C; EX 08.02A ID; EX 08.02B; 08.02C; 08.02D; 20.07B II A 1; AND 20.07B IIA 2). WE STRESSED, INTER ALIA, THE POLITICAL SENSITIVITY OF THIS ISSUE, THE IMPORTANCE WE ATTACH TO THE PRODUCTS INVOLVED, THE RELIANCE OF US PRODUCERS LIMITED OFFICIAL USE

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ON THE EC MARKET, OUR DESIRE TO SOLVE THE SECTION 301 CASE, THE EC COMMITMENT UNDER THE CASEY/SOAMES UNDER-

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ACTION STR-07

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OMB-01 DOE-15 JUSE-00 AF-10 ARA-10 EA-10 EUR-12
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USMTN

PASS ELECTRONICALLY STR (STARKEY) AND USDA (SAYLOR)

STR PASS CODEL

STANDING TO SEEK SOLUTIONS TO US PROBLEMS GENERATED BY EC PREFERENCES TO THIRD COUNTRIES, AND OUR CONCERN OVER THE IMPACT ON US TRADE OF THE ACCESSION OF SPAIN TO THE COMMUNITY. THE EC SIDE ANSWERED THEY WERE AWARE OF THE IMPORTANCE OF THESE COMMODITIES TO THE US BUT MAINTAINED THAT THESE SAME PRODUCTS WERE ALSO POLITICALLY AND ECONOMICALLY SENSITIVE WITHIN THE COMMUNITY. THEY STRESSED NEED TO PROTECT THEIR OWN PRODUCERS AND TO MAINTAIN A MARGIN OF PREFERENCE FOR THE MEDITERRANEAN COUNTRIES MAINTAINING THAT SUCH PREFERENCES DO NOT DISCRIMINATE AGAINST THE US AND THAT THE PREFERENTIAL AGREEMENTS ARE IN ACCORDANCE WITH THE GATT. WE REPLIED THAT FROM A JURIDICAL POINT OF LIMITED OFFICIAL USE

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VIEW THE MATTER OF COMPLIANCE WITH THE GATT HAS NOT YET BEEN SOLVED AND THAT WE WOULD BE ENTITLED TO BRING IT UP.

9. CRANBERRIES AND BLUEBERRIES (08.08 B AND C; AND EX 08.10B). WE ASKED THE EC TO RECLASSIFY FRESH BLUEBERRIES AND CRANBERRIES IN ORDER TO RESTORE TARIFF TREATMENT APPLICABLE PRIOR TO MID-1977 AND TO CUT DUTIES ON FROZEN BLUEBERRIES AND CRANBERRIES. THE EC ARGUED THAT PRESENT OFFER WAS ADEQUATE AND THAT TARIFF RECLASSIFICATION OF FRESH BLUEBERRIES AND CRANBERRIES WAS NOT POSSIBLE, SINCE THE ISSUE HAD BEEN SETTLED, IN THEIR VIEW, BY THEIR TARIFF CLASSIFICATION EXPERTS.

10. DRIED PRUNES (08.12C). WHILE MAKING NO REFERENCE TO OUR TARIFF REQUEST, THE EC DELEGATION INDICATED THAT WE MAY HAVE TO COME BACK TO THE ISSUE OF THE LICENSING AND SECURITY DEPOSIT REQUIREMENTS AFTER THE GATT MIP PANEL HAS REACHED A DECISION. PRESUMABLY AT THAT TIME THE EC WOULD ALSO BE WILLING TO COME BACK TO OUR OTHER SIMILAR REQUESTS FOR REMOVAL OF LICENSING AND SECURITY DEPOSIT ON CANNED PEARS (20.06B II B6AA AND BB) AND CANNED PEACHES (EX 20.06BIIB7AA AND BB). HOWEVER NO TARIFF CONCESSIONS ARE POSSIBLE FOR CANNED PEARS AND PEACHES ACCORDING TO THE EC, BECAUSE US IS NOT THE FIRST SUPPLIER.

11. RICE (10.06AIIB, BIB, AND BIIB). WE POINTED OUT THAT OUR REQUEST DID NOT INTERFERE WITH THE BASIC MECHANISM OF THE CAP, BECAUSE THE PRODUCTS OF INTEREST TO US DID NOT COMPETE WITH EC PRODUCTS. WE ASKED THE EC

TO ELABORATE ON THEIR OFFER TO PARTICIPATE IN AN INTERNATIONAL AGREEMENT ON RICE. THE EC STATED THAT THEY LIMITED OFFICIAL USE

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ARE AVAILABLE TO NEGOTIATE AN AGREEMENT, EVEN THOUGH THEY ACKNOWLEDGED THAT THEIR PROPOSALS HAD NOT BEEN WIDELY ACCEPTED. SUCH AN AGREEMENT WOULD CONTAIN MINIMUM AND MAXIMUM PRICES. HOWEVER, IN ANSWER TO OUR QUESTION, THE EC SAID THEY COULD NOT AGREE TO BINDING EITHER THE THRESHOLD PRICE OR THE AMOUNT OF THE LEVY, BUT UNDER CONTROLLED INTERNATIONAL MINIMUM IMPORT PRICES THE SIZE OF THE LEVY WOULD HAVE TO BE LIMITED. THE EC WOULD ALSO RESPECT THE MINIMUM EXPORT PRICE AND CONSEQUENTLY THE SIZE OF THE EXPORT SUBSIDY WOULD HAVE TO BE TAILORED TO THE MINIMUM EXPORT PRICE. WE EXPRESSED NO INTEREST IN AN INTERNATIONAL AGREEMENT, URGED THE EC TO RECONSIDER THEIR OFFER, TO PUT FORTH SOME PROPOSAL THAT WOULD HAVE AN EFFECT EQUIVALENT TO THAT OF OUR REQUEST.

12. FLOUR, MEAL AND FLAKES OF POTATO (11.05). COMPLIANCE WITH US TARIFF REQUEST IS NOT POSSIBLE AS THIS IS A SENSITIVE PRODUCT FOR WHICH THE RAW MATERIAL HAS AS YET NO CAP. WASHINGTON SHOULD NOTE FRG NO LONGER REQUIRES LICENSE FOR POTATO FLAKES, WHERE THE MOST SIGNIFICANT AMOUNT OF TRADE FOR US HAS BEEN. (LICENSE STILL REQUIRED FOR FLOUR AND MEAL.)

13. SUGAR ADDED LEVY PRODUCTS. CANNED CHERRIES (EX 20.06 BIIA8), CANNED PEARS (EX 20.06BIB7BB), AND FRUIT COCKTAIL (EX 20.06BIB9AA). THE EC ARGUED THAT THE DUTIES CUT THEY HAD OFFERED FOR CANNED CHERRIES AND FRUIT COCKTAIL REPRESENTED ADEQUATE CONCESSION AND THEY COULD NOT MEET OUR REQUEST FOR A DUTY CUT FOR PEARS IN THIS TARIFF HEADING SINCE WE ARE NOT THE FIRST SUPPLIER. THE SUGAR ADDED LEVY REQUEST WAS NOT PERTINENT SINCE THE LEVY IS PART OF THE CAP ON SUGAR. US REPLIED THAT WE WERE NOT THE FIRST SUPPLIER OF CANNED PEARS BECAUSE OF THE ADVERSE EFFECT OF THE SUGAR ADDED LEVY. OUR REQUEST FOR BINDING OF THE LEVY ON THESE ITEMS WAS INDEED PERTINENT LIMITED OFFICIAL USE

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FOR SEVERAL REASONS: WE RECALLED A LETTER OF UNDERSTANDING WITH THE EC IN THE KENNEDY ROUND THAT TRADE CONCESSIONS, SUCH AS THE EC RESERVATION FOR A DUTY ON ADDED SUGARS, SHOULD NOT RESULT IN AN INCREASE IN

PROTECTION. SINCE THE DUTY REDUCTION OFFERED IS SMALL,
AN INCREASE IN THE SUGAR ADDED LEVEL CAN RESULT IN A
HIGHER LEVEL OF PROTECTION. WE FURTHER RECALLED THAT
IN GATT CONSULTATIONS WITH THE EC ON THIS SUBJECT IN

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USMTN

PASS ELECTRONICALLY STR (STARKEYA0 AND USDA (SAYLOR)

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1972, THE EC TOLD US THAT THE ADDED SUGAR LEVY PROBLEM
COULD BEST BE RESOLVED IN THE FUTURE MULTILATERAL TRADE
NEGOTIATIONS. THEREFORE WE WERE EXPECTING A MORE
FORTHCOMING ATTITUDE FROM THE COMMUNITY. THE EC DELE-
GATION APPEARED SOMEWHAT STARTLED BY THIS REMINDER,
BUT AGAIN LIMITED ITS RESPONSE TO TAKING NOTE OF OUR
ARGUMENT.

14. TOBACCO (24.01AI AND II, 24.01B, 2402A, B AND E).
US DEL EXPRESSED DISMAY EC HAD MADE NO OFFER ON ANY
TOBACCO ITEM, WHILE TOBACCO PLAYS MAJOR ROLE IN MTN.
WE STRESSED US TOBACCO MARKET SHARE IS BEING ERODED
PRIMARILY BECAUSE OF TARIFF (WRAPPER TARIFF) AND TAX
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SYSTEMS, AND PREFERENCES GRANTED BY EC, AND PRESSED EC TO REEXAMINE THEIR POSITION AS GRANTING OUR REQUEST WOULD NOT HURT EC PRODUCERS. EC DEL REPLIED US HAS VERY LARGE POSITION IN EC MARKET, THAT CURRENT TARIFF SYSTEM FAVORS HIGH PRICE PRODUCERS WHO ARE TAXED PROPORTIONATELY LESS THAN LOW-PRICE PRODUCERS, THAT EC IS UNDER GREAT PRESSURE FROM LDC'S NOT TO REDUCE VALUE OF PREFERENCES AND THAT THEY THOUGHT THAT SUFFICIENT CONCESSIONS ON TOBACCO HAD BEEN MADE TO THE US IN THE PAST. WE REPEATED THAT WE STILL EXPECTED MAJOR OFFER ON TOBACCO. WE REQUESTED ANOTHER EARLY MEETING TO DISCUSS THE IMPLICATIONS OF PROPOSED CHANGES IN THE EC UNIT OF ACCOUNT ON THE EC TOBACCO TARIFF AND HENCE ON OUR REQUEST. THE EC AGREED TO THE MEETING.

15. OTHER EC ARGUMENTS DEFENDING THEIR SMALL OR ENTIRE LACK OF OFFERS WERE AS FOLLOWS (WITH LINE ITEMS TO WHICH THEY APPLY):

(A) THE DUTY IS ALREADY VERY LOW OR THE OFFER WAS SIGNIFICANT IF NOT HIGH IN PERCENTAGE TERMS - 02.01BIIB AND C (OFFALS); 02.03B (POULTRY LIVERS); 07.01D1A AND B (LETTUCE); 08.02C (LEMONS); 08.02D (GRAPEFRUIT); 10.05A (HYBRID CORN FOR SOWING - EC MUST LEAVE ZERO DUTY UNBOUND TO PERMIT IMPOSITION OF COMPENSATORY TAX ON IMPORTS BELOW REFERENCE PRICE.); 1202A (SOYBEAN FLOUR); 1203CI (MEADOW FESCUE SEED); 15.02BI (UNRENDERED BOVINE FAT); 15.03C (TALLOW STEARIN, LARD OIL, ETC.); 15.05B (WOOL GREASE OTHER THAN CRUDE); 15.06 (ANIMAL FATS); EX 15.08 (SOY OIL); 20.06AII (ROASTED NUTS IN PACKAGES LESS THAN 1 KG); 21.04B (SAUCES; NB: 15 PERCENT REDUCTION ON "SENSITIVE" TOMATO SAUCE, 30 PERCENT ON OTHERS); 21.07AI (SWEET CORN, PRECOOKED OR OTHERWISE PREPARED - EC DID NOT

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ELIMINATE LEVY BECAUSE "OTHERWISE PREPARED" WORDING MIGHT PERMIT PRODUCTS WHICH SHOULD RIGHTLY BE SUBJECT TO LEVY TO ESCAPE IT, I.E. PRODUCTS FOR FEED USE; WE REPLIED THAT EX OUT COULD BE MADE FOR CANNED SWEET CORN; AND 21.07BI (RAVIOLI, ETC.).

(B) THE EC IS NOT IN A POSITION TO DO ANYTHING BECAUSE IT IS FORMULATING INTERNAL COMMON POLICIES - ALL FISH ITEMS, POTATO ITEMS.

(C) THE ITEM COMPETES WITH INTERNAL PRODUCTION OF SAME OR SIMILAR ITEMS - ALL LEVY ITEMS; 04.05AIA (POULTRY EGGS - US CANNOT EXPECT TO EXPORT TO EC AND ALSO OBJECT TO EXPORT RESTITUTIONS TO SELL FINISHED PRODUCT OF THIS ITEM IN THIRD COUNTRIES); 07.01DIA AND B (LETTUCE); 07.04B (DEHYDRATED POTATOES); EX 08.04AIA (TABLE GRAPES; EX NOV 1, JAN 31); 08.05AII (ALMONDS); 08.08AI (FRESH STRAWBERRIES, MAY 1 - JULY 31); EX 15.07DIIB2AA (CRUDE PEANUT OIL, SOY OIL, ETC.); EX 20.07BIIA7BB22 (MIXED VEGETABLE JUICES); 23.07C (ANIMAL FEEDS); AND 35.02AIIA1 AND 2, AIIB (OVALBUMIN AND ALBUMINS).

(D) THE EC IS NOT IN A POSITION TO REDUCE THE VALUE OF PREFERENCES GIVEN TO ASSOCIATED OR TRADE AGREEMENT PARTNERS - 07.04B (DEHYDRATED ONIONS); 07.05BI AND II (DRIED BEANS, PEAS AND LENTILS); ALL CITRUS PRODUCTS, FRESH AND PROCESSED, RECEIVING PREFERENCES; TOBACCO.

(E) THE US IS NOT THE PRINCIPAL SUPPLIER (PRINCIPLE WHICH THE US ALSO FOLLOWED IN MAKING OFFERS) - 07.05BI (DRIED PEAS AND BEANS); EX 08.02D (GRAPEFRUIT); EX 12.03 CII AND III (CLOVER AND GRASS AND HERBAGE SEED); 15.01 AII (LARD; THOUGH US IS FIRST SUPPLIER US QUOTA REQUEST IS OUT OF PROPORTION WITH US TRADE); 15.05A (WOOL GREASE, CRUDE); 19.05A (PREPARED FOODS OBTAINED FROM SWELLING, ETC.); EX 20.02H (MIXED ORIENTAL VEGETABLES LIMITED OFFICIAL USE

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WITHOUT MEAT OR SHRIMP); 20.06AI (ROASTED NUTS IN PACKAGES GREATER THAN 1 KG); EX 20.06BIIB7AA AND BB (CANNED PEACHES; 20.07BIIA1 (ORANGE JUICE); 20.07BIIA2 (GRAPEFRUIT JUICE); 22.09CIA (RUM); AND 22.09CVB (LIQUORS, ETC.). EC DID NOT TAKE ACCOUNT OF PREFERENCES IN LOOKING AT SUPPLIER POSITION.

(F) DISCUSSION FALLS IN A DIFFERENT SUBGROUP - MEAT PRODUCTS; GRAINS; EX 11.01A (SPECIALTY FLOUR).

(G) THE EC WILL RECONSIDER REQUESTS SINCE THEY HAVE RECEIVED CLARIFICATION - 20.07BIIA4BB (PINEAPPLE JUICE -

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USMTN

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US HAS CHANGED REQUEST FROM SWEETENED TO UNSWEETENED);
EX 21.07GIA1 (PROTEIN ISOLATES - ORIGINAL US REQUEST HAD
BEEN MADE FOR EX 21.07FIA1).

16. TIME DID NOT PERMIT FULL DISCUSSION OF US REQUESTS
ON MEMBER STATES BARRIERS. GERMAN DELEGATE (PFEIFFER)
URGED US TO CLARIFY OUR ALCOHOLIC BEVERAGE REQUESTS
AGAINST GERMANY IN DIRECT DISCUSSION WITH HIM IN BONN
(OR GENEVA IF HE IS HERE).

17. EC REQUESTS. BEFORE DISCUSSING INDIVIDUAL EC
REQUESTS EC DEL (MARINUCCI) ASKED IF THERE WERE SPECIFIC
CONDITIONS ATTACHED TO US OFFERS OTHER THAN GENERAL
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RECIPROCITY. WE SAID WE WOULD POINT SUCH CONDITIONS OUT
DURING LINE ITEM DISCUSSION. DISCUSSION OF NON-TARIFF
REQUESTS GENERALLY CENTERED ON TWO ISSUES: HEALTH
AND SANITARY STANDARDS AND COUNTERVAILING DUTIES. AS
REGARDS THE FORMER WE INDICATED THAT SUCH STANDARDS ARE
NOT DESIGNED AS PROTECTIVE MEASURES - WHATEVER THEIR
EFFECT - AND THEREFORE ARE NOT NEGOTIABLE PER SE IN THE
MTN. THE PROPOSED STANDARDS CODE SHOULD BE DESIGNED TO
HELP ALLEVIATE TRADE PROBLEMS RESULTING FROM STANDARDS

REGULATIONS AND DISCREPANCIES. WE WOULD BE WILLING TO DISCUSS OUTSIDE THE MTN TECHNICAL PROBLEMS EC MIGHT HAVE WITH PARTICULAR STANDARDS, BUT COULD NOT PROMISE RESULTS. PRODUCTS SPECIFICALLY DISCUSSED IN THESE TERMS WERE PORK SAUSAGES (TSUS 107.10), LIVE PLANTS (TSUS 125.80), CHESTNUTS (TSUS 145.01). ON COUNTERVAILING DUTIES, WE AGAIN EXPLAINED THAT OUR SYSTEM WAS A PART OF OUR LAW, AND THAT WE HOPED THAT A SOLUTION TO THE EC'S PROBLEMS COULD BE FOUND PRIOR TO THE EXPIRATION OF THE WAIVER IN 1979 (WHERE THIS IS RELEVANT), BUT WE IMPLIED THE INITIATIVE LIES WITH THE EC. EC DEL REMARKED THAT US LAW CREATED AN ECONOMICALLY ABSURD SITUATION IF IT PERMITTED ITEMS PRICED LOWER THAN THOSE SUBSIDIZED ENTRY WITHOUT THE SUPPLEMENTAL COUNTERVAILING DUTY. WE SAID THE US SYSTEM IS NOT DESIGNED TO PUNISH LOW PRICES BUT SUBSIDIES. THESE ISSUES WERE DISCUSSED WITH REFERENCE TO CANNED HAMS (TSUS 107.35) AND TOMATO PASTE AND SAUCE (TSUS 141.65).

18. ON TARIFF REQUESTS EC DEL GENERALLY REPEATED THAT THEY FELT OUR OFFERS - ESPECIALLY FOR FISH - WERE RATHER TOO LOW. IN THE CASE OF TSUS 110.50 (ATLANTIC OCEAN PERCH) WE REPLIED THAT THOUGH WE GENERALLY MADE OFFERS ONLY TO PRINCIPAL SUPPLIERS, WE HAD GRANTED ONE LIMITED OFFICIAL USE

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TO THE EC IN A CASE WHERE THEY DID NOT QUALIFY AS SUCH. ON OTHER FISH ITEMS WHERE WE MADE OFFERS, WE INDICATED WE HAD DONE SO INSPITE OF UNCERTAINTIES CAUSED BY 200 MILE ZONE. WE USED THE PRINCIPAL SUPPLIER RATIONALE IN EXPLAINING WHY WE HAD MADE NO OFFER ON ARTICHOKE (TSUS EX 137.85) AND OLIVES (TSUS 148.56). EC DEL EXPRESSED PLEASURE WITH TARIFF CUT OFFER FOR CANDIED CHERRIES, BUT WAS UNHAPPY THAT IT WAS CONDITIONED ON THEIR MEETING A LARGER PERCENTAGE CUT REQUEST (CANNED CHERRIES) FROM THE US. THEY WERE ALSO PLEASED WITH REDUCTIONS ON BRANDIES (TSUS 168.28) AND SCOTCH AND IRISH WHISKEY (TSUS 168.45) BUT WOULD PREFER RESOLUTION OF WINE GALLON/PROOF GALLON ISSUE. WE MADE CLEAR THAT THIS TARIFF OFFER AND THE OFFER TO REMOVE THE RETALIATORY RATES ON TSUS ITEMS 945.13 (POTATO STARCH), 945.17-20 (BRANDY) AND 945.49 (DEXTRINE) AS WELL AS THE OFFER TO CUT THE RESTORED MFN RATES ON THESE ITEMS WERE CONDITIONED ON A SATISFACTORY REPLY TO OUR POULTRY REQUESTS AND OTHERS WE MIGHT STILL MAKE ON POULTRY IN ORDER TO SETTLE THE CHICKEN WAR. WE EXPLAINED THAT WHAT IS OR IS NOT SATISFACTORY SETTLEMENT HAS TO BE DEFINED IN THE NEGOTIATION PROCESS.

19. MEAT AND DAIRY (REF A). EC ASKED US TO ALLOW EC SUBSIDIZATION OF CHEESE EXPORTS TO US PROVIDED THE EC

MAINTAINS PRICES TO US AT NEGOTIATED MARGINS ABOVE US MARKET. FOR CERTAIN CHEESES (CHEDDAR, COLBY AND MONTEREY) THE EC IS WILLING TO FOREGO SUBSIDIES. EC SAID IT WOULD RESPOND LATER TO OUR REQUEST FOR HOTEL BEEF QUOTA, INDICATING THAT THEIR OFFER WOULD BE TIED WITH EC ACCESS TO THE US BEEF MARKET AND US ACCEPTANCE OF PROPOSED MEAT AGREEMENT.

20 WINE GALLON/PROOF GALLON ISSUE (REF B). WE INDICATED THAT US GOVERNMENT AGENCIES WERE IN THE PROCESS OF CONSIDERING ALTERNATIVE WAYS TO MODIFY THE SYSTEM AND ELABORATED ON THE NEED FOR EC CONCESSIONS IN RETURN. LIMITED OFFICIAL USE

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US DREW ATTENTION TO ITS MTN REQUESTS ON MEASURES AFFECTING ALCOHOL. EC APPEARED LITTLE INCLINED TO SPELL OUT CONCESSIONS THEY MAY BE PREPARED TO MAKE.

21. DRAFTED BY HARVEY AND SABATINI. CULBERT

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Draft Date: 17 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Disposition History: n/a
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Original Previous Handling Restrictions: n/a
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Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 GENEVA 5589, 78 GENEVA 5652
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07 feb 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2950029
Secure: OPEN
Status: NATIVE
Subject: US/EC BILATERAL ON GROUP AGRICULTURE, DAIRY AND MEAT
TAGS: ETRD, US, MTN, EEC
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/98fb27ad-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
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